

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11  
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P R 071630Z APR 78  
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TO SECSTATE WASHDC PRIORITY 7861  
INFO AMEMBASSY BOGOTA  
AMEMBASSY LA PAZ  
AMEMBASSY LIMA  
AMEMBASSY SANTIAGO  
AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 2267

E.O. 11652: GDS  
TAGS: PINT, PINR, EC  
SUBJECT: BLASCO PENAHERRERA NAMED LIBERAL VEEP CANDIDATE

REF: QUITO 1644

1. BEGIN SUMMARY: ON APRIL 5 THE LIBERAL PARTY NAMED JOURNALIST BLASCO PENAHERRERA TO BE THE PARTY'S VICE PRESIDENTIAL CANDIDATE AND RECONFIRMED FRANCISCO HUERTA AS HEAD OF THE TICKET. THE NAMING OF PENAHERRERA, A LIBERAL, MARKS THE END OF THAT PARTY'S NEGOTIATIONS WITH EX-PRESIDENT CARLOS JULIO AROSEMENA IN AN EFFORT TO BUILD A COALITION. ALTHOUGH HUERTA IS APPARENTLY AMONG THE TOP THREE CANDIDATES, HE FACES CRITICISM FROM CONSERVATIVE ELEMENTS OF HIS OWN PARTY AND FROM HIS POLITICAL OPPONENTS WHO CHARGE IMPROPRIETIES IN A CONTRACT HE SIGNED WITH THE GOE WHILE HEAD OF FEDESARROLLO, A GUAYAQUIL THINK TANK. END SUMMARY.

2. ON APRIL 5 THE EXECUTIVE COUNCIL (JUNTA SUPREMA) OF THE LIBERAL PARTY UNANIMOUSLY NAMED LONG-TIME PARTY  
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MEMBER BLASCO PENAHERRERA AS FRANCISCO HUERTA'S VICE PRESIDENTIAL RUNNING MATE. THE NOMINATION OF PENAHERRERA, WHO ENJOYED HUERTA'S SUPPORT, FOLLOWED THE BREAKDOWN OF NEGOTIATIONS WITH OTHER GROUPS (INCLUDING CARLOS JULIO AROSEMENA'S PNR) WHICH, AS A CONDITION OF SUPPORT, WANTED TO NAME THE VICE PRESIDENTIAL CANDIDATE. THE SELECTION OF PENAHERRERA BY THE LIBERALS LEAVES ONLY

ABDON CALDERON (FRA) AND RODRIGO BORJA (ID) AMONG THE SEVEN PRESIDENTIAL ASPIRANTS WITHOUT RUNNING MATES.

3. PENAHERRERA, BORN IN 1934, IS A GRADUATE OF QUITO'S CENTRAL UNIVERSITY LAW SCHOOL AND WAS A PRO-CASTRO LEFTIST IN HIS UNIVERSITY DAYS. HE HAS BEEN MINISTER OF GOVERNMENT AND DIRECTOR OF THE NATIONAL PLANNING BOARD. PENAHERRERA WAS A LEADER GRANTEE TO THE US IN 1977 AND IS NOW REGARDED AS AN ANTI-COMMUNIST MODERATE LEFTIST. PRESENTLY HE IS NEWS DIRECTOR FOR CHANNEL 8 AND DEPUTY DIRECTOR OF VISTAZO MAGAZINE. HE IS PARTICULARLY FRIENDLY TOWARD EMBASSY OFFICERS WHO DEAL WITH HIM.

4. ALSO ON APRIL 5, THE EXECUTIVE COUNCIL RATIFIED THE PRESIDENTIAL CANDIDACY OF FRANCISCO HUERTA. IN RECENT DAYS ANOTHER EFFORT WAS MADE BY OLDER RIGHT-WING ELEMENTS OF THE PARTY TO REPLACE HUERTA WITH HIS UNCLE, PARTY ELDER STATESMAN RAUL CLEMENTE HUERTA, ON THE GROUNDS THAT YOUNG HUERTA WAS UNABLE TO GET HIS CAMPAIGN MOVING. THE ELDER HUERTA, IN CONTRAST TO THE LAST EFFORT TO REVIVE HIS CANDIDACY (SEE REFTTEL), APPARENTLY DID NOTHING TO ENCOURAGE THE EFFORTS ON HIS BEHALF AND THEY SUCCEEDED IN DOING NOTHING MORE THAN CREATING THE IMPRESSION OF INEPTNESS AND DISUNITY IN THE PARTY. CERTAIN POLITICAL CYNICS BELIEVE THAT WAS THE REAL PURPOSE BEHIND THE MOVE. CONFIDENTIAL

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5. THE ABORTIVE SECOND ATTEMPT TO DEPOSE THE YOUNGER HUERTA CAME AT A TIME WHEN HE WAS FACING CHALLENGES FROM OTHER QUARTERS. HIS POLITICAL OPPONENTS (IN PARTICULAR BUCARAM) HAVE CRITICIZED HUERTA AND THE GOE FOR THE CONTRACT SIGNED BY HUERTA (ON BEHALF OF THE THINK TANK, FEDESARROLLO) AND THE MINISTRY OF FINANCE, PROVIDING APPROXIMATELY \$440,000 US FOR FEDESARROLLO TO CONDUCT A STUDY OF UNEMPLOYMENT. CRITICISM COMES FROM THOSE WHO BELIEVE THAT THE STUDY IS A NONSENSICAL WASTE OF MONEY, THAT IT SHOWS HUERTA'S COOPERATION WITH OR SPONSORSHIP BY THE MILITARY GOVERNMENT, THAT SUCH A CONTRACT INVALIDATES HUERTA'S CANDIDACY UNDER THE TERMS OF THE NEW ELECTIONS LAW, OR THAT THE MONEY WAS REALLY AN INDIRECT SUBSIDY TO HUERTA'S PRESIDENTIAL BID. HUERTA'S EFFORTS TO ADDRESS THE SUSPICIONS OF UNETHICAL CONDUCT WERE DEALT A BLOW WHEN THE COMPTROLLER GENERAL CANCELLED THE CONTRACT ON APRIL 5 ON THE GROUNDS THAT IT WAS NOT PROCESSED ACCORDING TO THE RELEVANT LEGAL REQUIREMENTS.

6. COMMENT: ALTHOUGH FRANCISCO HUERTA WAS ONCE AGAIN CONFIRMED AS THE LIBERAL CANDIDATE, THE MOVE TO REPLACE

HIM BY SOME PARTY ELDERS AND THE STRONG CRITICISM ABOUT THE FEDESARROLLO (FROM WHICH HE HAS RESIGNED) CONTRACT WITH THE MINISTRY OF FINANCE, WHATEVER THE MERITS, HAVE PUT HIM ON THE POLITICAL DEFENSIVE. THE NAMING OF THE HIGHLY RESPECTED PENAHERRERA APPEARS TO ONCE AND FOR ALL CONSOLIDATE HUERTA'S POSITION AT THE HEAD OF THE PARTY BUT WILL DO LITTLE TO HELP WITH HIS OTHER PROBLEMS. ALSO, THE NAMING OF A LIBERAL RUNNING MATE SIGNALS THE FAILURE OF NEGOTIATIONS WITH OTHER PARTIES TO FORM A COALITION AND MEANS THAT THE PARTY WILL GO INTO THE JULY 16 ELECTIONS WITH NO SIGNIFICANT ALLIES.

7. SOME OF HUERTA'S PROBLEMS ARE OFFSET BY HIS ABILITY TO ESTABLISH HIMSELF AS A CAPTIVATING PUBLIC SPEAKER WHO  
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SEEMS COMPLETELY AT HOME WITH THE ISSUES. BECAUSE OF THIS, AND DESPITE THE RESERVATIONS OF THE OLD LIBERALS, HE HAS BEEN ABLE TO INJECT ENTHUSIASM AMONG THE LIBERAL CADRE. ALTHOUGH POLLING HERE IS NEW AND RATHER PRIMITIVE IN TECHNIQUE, THOSE THAT HAVE BEEN CARRIED OUT SHOW HIM RUNNING TOGETHER WITH CONCENTRATION OF POPULAR FORCES CANDIDATE JAIME ROLDOS, BOTH ABOUT 9 POINTS BEHIND CENTER-RIGHTIST SIXTO DURAN-BALLEN.

8. HUERTA CONFIDED TO POLCOUNS ABOUT A WEEK AGO THAT HE WAS EAGER TO HAVE THE STORMY AROSEMENA ON HIS SIDE, NOT BECAUSE OF THE VOTES HE COULD OFFER HUERTA, BUT BECAUSE OF HIS ABILITY TO ACT AS A HATCHET MAN AGAINST DURAN-BALLEN. HOWEVER, HUERTA THOUGHT THAT AS A VICE PRESIDENT, EDGAR TERAN'S (AROSEMENA'S CANDIDATE) NEO-CONSERVATIVE IDEOLOGY WOULD BE TOO HARD TO SWALLOW, AND SAID THAT HE WOULD GIVE THE NOD TO PENAHERRERA.  
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## Message Attributes

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